

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 IO-14 /105 W  
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R 280858Z SEP 78  
FM AMEMBASSY ADDIS ABABA  
TO SECSTATE WASHDC 9859

C O N F I D E N T I A L ADDIS ABABA 4183

C O R R E C T E D C O P Y - T E X T ( P A R A 1 . L I N E 10 . D E L E T E " I N " )

E.O. 11652: GDS  
TAGS: PEPR, EAID, EINV, ET, US  
SUBJ: BILATERAL US-ETHIOPIAN RELATIONS; US COMPENSATION  
CLAIMS

REF: ADDIS ABABA 4058; ADDIS ABABA 3536

1. THE MEETING BETWEEN THE AMBASSADOR AND THE CHIEF MINISTER, HAILU YEMENU, SCHEDULED PURSUANT TO PARA 4 OF ADDIS 4058 OCCURRED SPET 28. AMBASSADOR REVIEWED THE ENTIRE NEXUS OF COMPENSATION CLAIM ISSUES, THE GONZALEZ AND HICKENLOOPER AMENDMENT PROBLEMS, AND THE GENERAL NATURE OF THE US ECONOMIC ASSISTANCE PROGRAM IN ETHIOPIA BOTH DURING IMPERIAL TIMES AND UNDER THE PMGSE. AMBASSADOR EMPHASIZED THE VERY SUBSTANTIAL SIZE OF THE AID PROGRAM WHICH WAS ENDANGERED BY LACK OF GOOD FAITH NEGOTIATIONS ON COMPENSATION. HE ASKED FOR A DEMONSTRATION OF THE DESIRE FOR BETTER RELATIONS BY REACHING A POLITICAL SOLUTION FOR THIS LONG-OUTSTANDING PROBLEM BETWEEN OUR TWO COUNTRIES.

2. THE CHIEF MINISTER WAS CORDIAL AND PERSONABLE BUT MADE NO NEW POINTS. HE HAD OBVIOUSLY BEEN WELL BRIEFED BY MOFA  
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AMERICAS DIVISION DIRECTOR, BERHANE DERESSA, WHO WAS ALSO PRESENT. CHIEF MINISTER ESSENTIALLY ASKED FOR UNDERSTANDING OF THE ENORMOUS PROBLEMS IN ETHIOPIA CAUSED BY TWO WARS AND PERVASIVE DROUGHT AND FAMINE. HE ASKED FOR MORE TIME ON THE US PART AND REITERATED PREVIOUS ASSURANCES THAT ETHIOPIA DID EVENTUALLY INTEND TO PAY COMPENSATION. WHOLE ISSUE WAS EXTREMELY COMPLICATED, NEW TO ETHIOPIA, AND US CLAIMS WERE

INSIGNIFICANT IN RELATION TO THOSE OF OTHER COUNTRIES. ETHIOPIAN GOVERNMENT HAD A DIFFICULT POLITICAL DECISION AS TO WHERE TO START ON THE COMPENSATION QUESTION. HE REFERRED TO IBRD VICE PRESIDENT WAPPENHANS' VISIT AND CLAIMED THAT THE VICE PRESIDENT HAD LEFT CONVINCED THAT ETHIOPIA WAS MAKING PROGRESS AND THAT IT SHOULD BE GIVEN MORE TIME. AMBASSADOR REPLIED THAT THE US HAD GIVEN ETHIOPIA THREE AND A HALF YEARS, THAT WE HAD MADE OUR POSITION CLEAR ON APRIL 4. WHEN THE IDA GRAIN STORAGE LOAN CAME UP AND THAT THERE WAS NO POSSIBILITY THAT THE US GOVERNMENT WOULD CHANGE ITS POSITION UNLESS THERE WERE SIGNIFICANT PROGRESS. WHAT CONSTITUTED SIGNIFICANT PROGRESS HAD BEEN DEFINED IN THE AMBASSADOR'S LETTER TO CHAIRMAN MENGISTU AND IN VARIOUS CONVERSATIONS WITH ETHIOPIAN MINISTERS. THE OUTSIDE DEADLINE WAS THE NEXT FORMAL CONSIDERATION OF A LOAN TO ETHIOPIA IN AN IFI. CHIEF MINISTER URGED AMBASSADOR TO SEEK TO CONVINCE HIS GOVERNMENT THAT MORE TIME WAS REQUIRED. AMBASSADOR SAID HE WOULD CONVEY HIS MESSAGE WHEN HE WAS IN WASHINGTON BUT WAS NOT SANGUINE THAT THERE WOULD BE ANY CHANGE AND HE HOPED THAT THE CHIEF MINISTER WOULD SO INFORM CHAIRMAN MENGISTU.

3. CHIEF MINISTER INDICATED HE IS ARRANGING AN APPOINTMENT FOR THE AMBASSADOR WITH CHAIRMAN MENGISTU BEFORE AMBASSADOR'S DEPARTURE FOR WASHINGTON OCT 3.  
CHAPIN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, CLAIMS, ECONOMIC ASSISTANCE, DIPLOMATIC DISCUSSIONS, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** GS  
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**TAGS:** PEPR, EAID, EINV, ET, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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